Condensed Financial Statements

Teton Advisors, Inc.

Quarterly Report for the Period Ended June 30, 2010

Teton Advisors, Inc.

Condensed Financial Statements

Quarterly Report for Period Ended June 30, 2010

Contents

Teton Advisors, Inc.

Condensed Statements of Income

(Unaudited)

	Three months ended June 30, 2010	2009
Revenues		
Investment advisory fees	**$ 1,411,465**	$ 961,025
Other income	**196**	573
Total revenues	**1,411,661**	961,598
Expenses		
Compensation	**464,743**	249,386
Marketing and administrative fees	**295,531**	211,644
Sub-advisory fees	**146,806**	151,373
Distribution costs and expense reimbursements	**242,106**	86,966
Other operating expenses	**125,934**	207,507
Total expenses	**1,275,120**	906,876
Income before income taxes	**136,541**	54,722
Income taxes	**46,106**	18,742
Net income	**$ 90,435**	$ 35,980
Net income per share:		
Basic	**$ 0.09**	**$ 0.03**
Diluted	**$ 0.08**	**$ 0.03**
Weighted average shares outstanding:		
Basic	**1,043,394**	**1,043,394**
Diluted	**1,198,287**	**1,061,601**

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Income

(Unaudited)

	Six months ended June 30, 2010	2009
Revenues		
Investment advisory fees	**$ 2,696,311**	$ 1,907,999
Other income	**332**	1,586
Total revenues	**2,696,643**	1,909,585
Expenses		
Compensation	**864,538**	442,592
Marketing and administrative fees	**566,535**	385,491
Sub-advisory fees	**300,693**	300,422
Distribution costs and expense reimbursements	**316,652**	254,031
Other operating expenses	**223,181**	589,393
Total expenses	**2,271,599**	1,971,929
Income (loss) before income taxes	**425,044**	(62,344)
Income taxes	**146,006**	(21,458)
Net income (loss)	**$ 279,038**	$ (40,886)
Net income (loss) per share:		
Basic	**$ 0.27**	**$ (0.04)**
Diluted	**$ 0.23**	**$ (0.04)**
Weighted average shares outstanding:		
Basic	**1,043,394**	**1,043,394**
Diluted	**1,198,079**	**1,053,007**

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Financial Condition

	June 30, 2010	December 31, 2009
	(Unaudited)	(Audited)
Assets		
Cash and cash equivalents	**$ 723,513**	$ 436,412
Investment advisory fees receivable	**423,221**	395,968
Income tax receivable	**155,640**	47,166
Receivables from affiliates	**-**	6,580
Other assets (net of accumulated depreciation of $4,392 and $3,169, respectively)	**51,658**	90,591
Total assets	**$ 1,354,032**	$ 976,717
Liabilities and stockholders' equity		
Payables to affiliates	**$ 144,479**	$ 235,172
Deferred tax payable	**183,653**	154,678
Compensation payable	**96,830**	10,000
Distribution costs payable	**63,910**	44,090
Professional fees payable	**16,435**	33,259
Accrued expenses and other liabilities	**3,729**	16,750
Total liabilities	**509,036**	493,949
Stockholders' equity:		
Class A Common stock, $.001 par value; 1,200,000 shares authorized: 958,802 and 945,776 shares issued and outstanding, respectively	**698**	685
Class B Common stock, $.001 par value; 800,000 shares authorized; 345,440 and 358,466 issued and outstanding, respectively	**353**	366
Additional paid in capital – Class A	**228,996**	145,806
Treasury stock, class B, at cost (8,000 shares)	**(8,120)**	(8,120)
Retained earnings	**623,069**	344,031
Total stockholders' equity	**844,996**	482,768
Total liabilities and stockholders' equity	**$ 1,354,032**	$ 976,717

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Stockholders' Equity

(Unaudited)

For the Six Months Ended June 30, 2010

	Common Stock Class A	Common Stock Class B	Additional Paid in Capital - Class A	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2009	$ 685	$ 366	$ 145,806	($ 8,120)	$ 344,031	$ 482,768
Stock based compensation	**–**	**–**	**83,190**	**–**	**–**	**83,190**
Conversion from Class B to Class A	**13**	**(13)**	**–**	**–**	**–**	**–**
Net income	**–**	**–**	**–**	**–**	**279,038**	**279,038**
Balance at June 30, 2010	**$ 698**	**$ 353**	**$ 228,996**	**($ 8,120)**	**$ 623,069**	**$ 844,996**

See accompanying notes.

Teton Advisors, Inc.

Condensed Statements of Cash Flows

(Unaudited)

	Six Months Ended June 30, 2010	2009
Cash flows from operating activities		
Net income (loss)	**$ 279,038**	$ (40,886)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	**1,224**	535
Deferred tax expense (benefit)	**-**	(16,162)
Stock based compensation	**83,190**	46,962
Amortization of identifiable intangible asset	**-**	146,400
(Increase) decrease in operating assets:		
Investment advisory fees receivable	**(27,253)**	2,422
Income tax receivable	**(108,474)**	(202,581)
Receivables from affiliates	**6,580**	(5,655)
Other assets	**37,709**	42
(Decrease) increase in operating liabilities:		
Payables to affiliates	**(90,693)**	(54,788)
Deferred tax payable	**28,975**	197,285
Compensation payable	**86,830**	-
Distribution costs payable	**19,820**	5,881
Professional fees payable	**(16,824)**	(2,963)
Accrued expenses and other liabilities	**(13,021)**	4,254
Total adjustments	**8,063**	121,632
Net cash provided by operating activities	**287,101**	80,746
Cash flows from financing activities		
Distributions paid	-	(730,375)
Net cash used in financing activities	-	(730,375)
Net increase (decrease) in cash and cash equivalents	**287,101**	(649,629)
Cash and cash equivalents at beginning of year	**436,412**	760,350
Cash and cash equivalents at end of year	**$ 723,513**	$ 110,721
Supplemental disclosure of cash flow information		
Cash paid for income taxes	**$ 231,800**	$ -

See accompanying notes.

Teton Advisors, Inc.

Notes to Condensed Financial Statements

June 30, 2010

A. Significant Accounting Policies

Basis of Presentation

Teton Advisors, Inc. ("Teton" or the "Company") was formed in Texas as Teton Advisers LLC in December 1994. On March 2, 1998, Teton Advisers LLC was renamed Gabelli Advisors LLC and, on the same date, merged into Gabelli Advisers, Inc., a Delaware corporation. On January 25, 2008, Gabelli Advisers, Inc. was renamed Teton Advisors, Inc. Prior to the March 20, 2009 spin-off, the Company was a 42%-owned subsidiary of GAMCO Investors, Inc. ("GAMCO"). The Company serves as the investment adviser for the GAMCO Westwood Funds ("Funds", individually "Fund"). The Company's capital structure consists of 1,200,000 shares authorized of Class A common stock with one vote per share and 800,000 shares authorized of Class B common stock with ten votes per share. At the date of incorporation, 200,000 shares of the Class A shares were issued to Westwood Management Corporation ("WMC") and 800,000 shares of Class B shares were issued to GAMCO and its affiliates. In addition, certain shareholders exercised warrants to purchase 59,394 shares of the Class A common stock for $5 per share on December 31, 2001.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Nature of Operations

Teton is a registered investment adviser under the Investment Advisers Act of 1940. Teton's principal market is in the United States.

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they are not audited and do not include all of the information and notes required for complete financial statements. These condensed financial statements and notes should be read in conjunction with Teton's audited financial statements and notes thereto included in Teton's Annual Report for the year ended December 31, 2009. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2010 are not necessarily indicative of the results

A. Significant Accounting Policies (continued)

that maybe expected for the year ending December 31, 2010.

B. Related Party Transactions

Teton has invested all of its cash equivalents in a money market mutual fund managed by Gabelli Funds, LLC, an affiliate. At June 30, 2010 and December 31, 2009, Teton had $707,394 and $436,309, respectively, in this money market fund and earned $196 and $573 for the three month periods ended June 30, 2010 and 2009, respectively, and $332 and $1,586 for the six month periods ended June 30, 2010 and 2009, respectively, which comprises other income.

Gabelli & Company, Inc. ("Gabelli & Co."), an affiliate of the Company, serves as the principal distributor for the Funds. As distributor, Gabelli & Co. incurs certain promotional and distribution costs, which are expensed as incurred, related to the sale of Fund shares. Gabelli & Co. receives reimbursements from the Company in connection with these distribution activities to the extent such costs exceed distribution fees received from the Funds managed by the Company. Such amounts will be repaid to the Company if distribution fees are in excess of distribution expenses of the Funds. In connection with its role as principal distributor, the Company received from Gabelli & Co. $32,486 and $18,760 for the three months ended June 30, 2010 and 2009, respectively, of previously paid reimbursed distribution expenses which is included in distribution costs and expense reimbursements in the condensed statements of operations. The Company received from Gabelli & Co. $60,594 and $11,680 for the six months ended June 30, 2010 and 2009, respectively, of previously paid reimbursed distribution expenses. As of June 30, 2010 and December 31, 2009, there was $155,239 and $215,833, respectively, contingently receivable by Teton from Gabelli & Co. Gabelli & Co. incurs additional distribution costs that are not included above when calculating reimbursed distribution costs. These expenses are paid by Teton since January 1, 2010. These expenses amounted to $161,476 which was recorded in the second quarter of 2010.

Teton paid GAMCO administration fees based on the average net assets of the Funds, amounting to $295,531 and $211,644 for the three month periods ended June 30, 2010 and 2009, respectively and $566,535 and $385,491 for the six month periods ended June 30, 2010 and 2009, respectively. Teton also paid GAMCO reimbursement for compensation, which amounted to $180,288 and $64,887 for the three month periods ended June 30, 2010 and

B. Related Party Transactions (continued)

2009, respectively, and $293,980 and $115,627 for the six month periods ended June 30, 2010 and 2009, respectively.

Teton pays Westwood Management Corp a sub-advisory fee of 35% of net revenues of Funds for which Westwood acts as the sub-advisor. The percentage of net revenues is defined as advisory fees less 20 basis points for administrative fees, after certain expenses are paid by Teton to the Funds. The fees amounted to $146,806 and $151,373 for the three month periods ended June 30, 2010 and 2009, respectively, and $300,693 and $300,422 for the six month periods ended June 30, 2010 and 2009, respectively. Westwood Management Corporation is owned 100% by Westwood Holdings Group as of June 30, 2010.

The Company serves as the investment adviser for the Funds and a separate account and earns advisory fees based on predetermined percentages of the net average assets of the Funds and the net assets at the beginning of the quarter for the separate account. Advisory fees earned from the Funds and separate account were $1,411,465 and $961,025 for the three month periods ended June 30, 2010 and 2009, respectively, and $2,696,311 and $1,907,999 for the six month periods ended June 30, 2010 and 2009, respectively. Advisory fees receivable from the Funds were $423,221 and $395,968 at June 30, 2010 and December 31, 2009, respectively.

The Company has receivables from the Funds of $18,678 and $45,823, which are included in other assets in the condensed statements of financial condition, at June 30, 2010 and December 31, 2009, respectively, relating to reimbursement of shareholder servicing costs associated with No Transaction Fee ("NTF") programs.

Teton's receivables and payables to affiliates at June 30, 2010 and December 31, 2009 are non-interest bearing and are receivable and payable on demand. At June 30, 2010 and December 31, 2009, the amount payable to GAMCO was $176,960 and $138,279, respectively, and the amount payable to Westwood Management Corporation was $45,253 and $55,169, respectively. At June 30, 2010, the amount payable to Gabelli & Company was $35,384. At December 31, 2009, the amount receivable from Gabelli & Company was $6,580.

C. Indemnifications

In the ordinary course of business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history and experience, the Company believes that the likelihood of any such event is remote.

MANAGEMENT'S DISCUSSION OF OPERATIONS

The following discussion should be read in conjunction with the condensed financial statements and the notes thereto.

Operating Results for the Quarter Ended June 30, 2010 as Compared to the Quarter Ended June 30, 2009

Revenues
Total revenues were $1,411,661 in the second quarter of 2010, $450,063 or 46.8% higher than the total revenues of $961,598 in the second quarter of 2009. The change in total revenues by revenue component was as follows:

	For the Three Months ended June 30,		Increase (decrease)	
(unaudited)	2010	2009	$	%
Investment advisory fees	$ 1,411,465	$ 961,025	$ 450,440	46.9%
Other income	196	573	(377)	(65.8)
Total revenues	$ 1,411,661	$ 961,598	$ 450,063	46.8%

<u>Investment Advisory Fees</u>*:* Investment advisory fees are directly influenced by the level and mix of assets under management ("AUM"). Teton earns advisory fees based on the average AUM in the Funds and the AUM at the beginning of the quarter for the separate account.

Investment advisory fees were $1,411,465 for the period ended June 30, 2010 compared to $961,025 for the period ended June 30, 2009, an increase of $450,440, or 46.9%.

AUM were $580.4 million as of June 30, 2010, 31.1% greater than June 30, 2009 AUM of $442.8 million but 4.7% below the March 31, 2010 AUM of $609.3 million. Average AUM were $616.6 million for the second quarter of 2010, 45.3% higher than the $424.5 million for the second quarter of 2009.

AUM decreased to $580.4 million at June 30, 2010 from $609.3 million at March 31, 2010. This decrease was due to market depreciation of $48.2 million and outflows of $52.3 million, offset partially by inflows of $71.6 million.

AUM increased to $442.8 million at June 30, 2009 from $385.7 million at March 31, 2009. This increase was due to market appreciation of $49.4 million and inflows of $30.5 million, offset slightly by outflows of $22.8 million.

Other income: Other income includes interest income earned from cash equivalents that were invested in a money market mutual fund managed by Gabelli Funds, LLC, a subsidiary of GAMCO. Other income for the second quarter of 2010 was $196, down from the $573 for 2009 due to lower average cash equivalent balances held in 2010 and lower interest rates in 2010 versus 2009.

Expenses

Sub-advisory Fees: Teton has currently retained a sub-adviser for three of the six Funds. Sub-advisory fees, which are 35% of the net investment advisory revenues of the sub-advised funds and are recognized as expenses as the related services are performed, were $146,806 for the second quarter of 2010, decreasing from $151,373 in the prior year period. This decrease was primarily due to the decrease of investment advisory revenue from the three Funds of 2.8%.

Administrative Fees: Administrative expenses, which are charges from GAMCO and paid by Teton for administration of the Fund activities performed by GAMCO on behalf of Teton, were $295,531 for the three months ended June 30, 2010, a 39.6% increase from $211,644 in the prior year period.

Compensation: Compensation costs, which include stock based compensation, salaries and portfolio manager compensation, was $464,743 for the second quarter of 2010, an 80.7% increase from $249,386 in the year ago period. Stock based compensation was $41,595 in both the second quarter of 2010 and 2009. Fixed compensation costs increased to $193,774 for the second quarter of 2010 from $142,904 in the prior year period. The remainder of the compensation expenses represents variable portfolio manager compensation that fluctuates with net investment advisory revenues, which is defined as advisory fees less certain expenses. For the 2010 period, portfolio manager compensation was $229,374, an increase of $164,487 from the $64,887 in the prior year period. The primary driver of this increase was an increase in average AUM, which generates investment advisory fees, for the Funds in which portfolio manager compensation is based.

Distribution costs and expense reimbursements: Distribution costs, which are principally related to the sale of shares of open-end mutual funds, and expense reimbursements were $242,106 for the second quarter of 2010, increasing $155,141 from $86,966 in the prior year period.

Distribution costs are broken down into two categories, payments made to third party distributors for Funds sold through them, including their no transaction fee programs, and expenses either paid to or reimbursed from Gabelli & Company for distribution of the Funds. Expenses paid to third parties were $214,249 during the 2010 period, an increase of $182,074 from the prior year amount of $32,175. The arrangement between Teton and Gabelli & Company is that Teton will reimburse Gabelli & Company for any distribution costs in excess of Gabelli & Company's distribution revenues. Conversely, if the distribution revenues of Gabelli & Company exceed the costs, such excess is reimbursed to Teton. For the three months ended June 30, 2010 and 2009, Gabelli & Company reimbursed Teton $32,486 and $18,760, respectively, an increase of $13,726. This increase to Teton was due to higher income earned by Gabelli & Company during the 2010 period as compared to the 2009 period.

Expense reimbursements to the Funds were $60,343 for the second quarter of 2010, a decrease of $13,208 from the prior year period amount of $73,551.

Other: General and administrative expenses, including those charged by GAMCO and incurred directly, were $125,934 for the second quarter of 2010, a decrease of $81,573 from the year ago amount of $207,507. The decrease primarily related to non recurring charges incurred in the second quarter of 2009 for the acquisition of the B.B. Micro Cap Growth Fund contract and the spin-off of $80,258.

Income Taxes

The effective tax rate was 33.8% for the quarter ended June 30, 2010, versus 34.2% for the quarter ended June 30, 2009.

Net Income

Net income for the second quarter of 2010 was $90,435 or $0.08 per fully diluted share versus net income of $35,980 or $0.03 per fully diluted share for the 2009 period.

Operating Results for the Six Months Ended June 30, 2010 as Compared to the Six Months Ended June 30, 2009

Revenues

Total revenues were $2,696,643 for the six months ended June 30, 2010, $787,058 or 41.2% higher than the total revenues of $1,909,585 for the six months ended June 30, 2009. The change in total revenues by revenue component was as follows:

	For the Six Months ended June 30,		Increase (decrease)	
(unaudited)	2010	2009	$	%
Investment advisory fees	$ 2,696,311	$ 1,907,999	$ 788,312	41.3%
Other income	332	1,586	(1,254)	(79.1)
Total revenues	$ 2,696,643	$ 1,909,585	$ 787,058	41.2%

Investment Advisory Fees: Investment advisory fees are directly influenced by the level and mix of assets under management ("AUM"). Teton earns advisory fees based on the average AUM in the Funds and the AUM at the beginning of the quarter for the separate account.

Investment advisory fees were $2,696,311 for the six months ended June 30, 2010 compared to $1,907,999 for the six months ended June 30, 2009, an increase of $788,312, or 41.3%.

AUM were $580.4 million as of June 30, 2010, 31.1% greater than June 30, 2009 AUM of $442.8 million but 4.7% below the March 31, 2010 AUM of $609.3 million. Average AUM were $595.3 million for the first half of 2010, 43.8% higher than the $414.1 million for the first half of 2009.

AUM increased to $580.4 million at June 30, 2010 from $560.5 million at December 31, 2009. This increase was due to inflows of $122.8 million, offset partially by market depreciation of $12.3 million and outflows of $90.6 million.

AUM decreased to $442.8 million at June 30, 2009 from $449.8 million at December 31, 2008. This decrease was due to market depreciation of $1.0 million and outflows of $78.3 million, offset partially by inflows of $72.3 million.

Other income: Other income includes interest income earned from cash equivalents that were invested in a money market mutual fund managed by Gabelli Funds, LLC, a subsidiary of GAMCO. Other income for the six months ended June 30, 2010 was $332, down from the $1,586 for 2009 due to lower average cash equivalent balances held in 2010 and lower interest rates in 2010 versus 2009.

Expenses

Sub-advisory Fees: Teton has currently retained a sub-adviser for three of the six Funds. Sub-advisory fees, which are 35% of the net investment advisory revenues of the sub-advised funds and are recognized as expenses as the related services are performed, were $300,693 for the six months ended June 30, 2010, increasing from $300,422 in the prior year period. This increase was primarily due to the increase of investment advisory revenue from the three Funds of 0.3%.

Administrative Fees: Administrative expenses, which are charges from GAMCO and paid by Teton for administration of the Fund activities performed by GAMCO on behalf of Teton, were $566,535 for the six months ended June 30, 2010, a 47.0% increase from $385,491 in the prior year period.

Compensation: Compensation costs, which include stock based compensation, salaries and portfolio manager compensation, was $864,538 for the six months ended June 30, 2010, a 95.3% increase from $442,592 in the year ago period. Stock based compensation was $83,190 for the six months ended June 30, 2010, increasing from $46,962 for the six months ended June 30, 2009. Fixed compensation costs increased to $383,132 for the six months ended June 30, 2010 from $280,002 in the prior year period. The remainder of the compensation expenses represents variable portfolio manager compensation that fluctuates with net investment advisory revenues, which is defined as advisory fees less certain expenses. For the 2010 period, portfolio manager compensation was $398,216, an increase of $282,588 from the $115,628 in the prior year period. The primary driver of this increase was an increase in average AUM, which generates investment advisory fees, for the Funds in which portfolio manager compensation is based.

Distribution costs and expense reimbursements: Distribution costs, which are principally related to the sale of shares of open-end mutual funds, and expense reimbursements were $316,652 for the six months ended June 30, 2010, increasing $62,621 from $254,031 in the prior year period.

Distribution costs are broken down into two categories, payments made to third party distributors for Funds sold through them, including their no transaction fee programs, and expenses either paid to or reimbursed from Gabelli & Company for distribution of the Funds. Expenses paid to third parties were $261,428 during the 2010 period, an increase of $196,736 from the prior year amount of $64,692. The arrangement between Teton and Gabelli & Company is that Teton will reimburse Gabelli & Company for any distribution costs in excess of Gabelli & Company's distribution revenues. Conversely, if the distribution revenues of Gabelli & Company exceed the costs, such excess is reimbursed to Teton. For the six months ended June 30, 2010 and 2009, Gabelli & Company reimbursed Teton $60,594 and $11,679, respectively, an increase of $48,915. This increase to Teton was due to higher income earned by Gabelli & Company during the 2010 period as compared to the 2009 period.

Expense reimbursements to the Funds were $115,818 for the six months ended June 30, 2010, a decrease of $85,200 from the prior year period amount of $201,018.

Other: General and administrative expenses, including those charged by GAMCO and incurred directly, were $223,181 for the six months ended June 30, 2010, a decrease of $366,212 from the year ago amount of $589,393. The decrease primarily related to non recurring charges incurred for the six months ended June 30, 2009 for the acquisition of the B.B. Micro Cap Growth Fund contract and the spin-off of $363,669.

Income Taxes

The effective tax rate was 34.4% for the six months ended June 30, 2010, versus 34.4% for the six months ended June 30, 2009.

Net Income (Loss)

Net income for the first half of 2010 was $279,038 or $0.23 per fully diluted share versus a loss of $40,886 or ($0.04) per fully diluted share for the 2009 period.